

Tangipahoa Alcohol and Drug Abuse
Council, Inc.

Annual Financial Statements

As of and for the Years Then Ended
June 30, 2012 and 2011

Tangipahoa Alcohol and Drug Abuse Council, Inc.

**Annual Financial Statements
As of and for the Years Ended June 30, 2012 and 2011
With Supplemental Information Schedules**

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Independent Auditor's Report

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Hammond, Louisiana

We have audited the accompanying financial statements of financial position of the Tangipahoa Alcohol and Drug Abuse Council, Inc. (a non-profit organization) as of June 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tangipahoa Alcohol and Drug Abuse Council, Inc. as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

To the Members of the Administrative Board
Tangipahoa Alcohol and Drug Abuse Council, Inc.
Hammond, Louisiana

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In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2012 on our consideration of the Tangipahoa Alcohol and Drug Abuse Council, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in black ink that reads "Bruce Harrell & Co." with a stylized flourish at the end.

Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

September 26, 2012

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Tangipahoa Alcohol and Drug Abuse Council, Inc.
Statements of Financial Position
As of June 30, 2012 and 2011

| | <u>2012</u> | <u>2011</u> |
|---|-------------------|-------------------|
| Assets | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 128,955 | \$ 102,075 |
| Receivables, Net | 6,225 | 24,012 |
| Prepaid Insurance | 2,384 | 2,386 |
| Total Current Assets | <u>137,564</u> | <u>128,473</u> |
| Property, Plant, and Equipment | | |
| Land | - | - |
| Property, Plant and Equipment, Net | <u>5,010</u> | <u>3,742</u> |
| Total Property, Plant, and Equipment | <u>5,010</u> | <u>3,742</u> |
| Total Assets | <u>\$ 142,574</u> | <u>\$ 132,215</u> |
| Liabilities | | |
| Current Liabilities (Payable From Current Assets): | | |
| Accounts Payable | \$ 2,367 | \$ - |
| Accrued Payables | 14,412 | 13,714 |
| Total Current Liabilities (Payable From Current Assets) | <u>16,779</u> | <u>13,714</u> |
| Total Liabilities | <u>16,779</u> | <u>13,714</u> |
| Net Assets | | |
| Unrestricted | 125,795 | 118,501 |
| Temporarily Restricted | - | - |
| Permanently Restricted | - | - |
| Total Net Assets | <u>125,795</u> | <u>118,501</u> |
| Total Liabilities and Net Assets | <u>\$ 142,574</u> | <u>\$ 132,215</u> |

The accompanying notes are an integral part of this statement.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Statements of Activities
For the years ended June 30, 2012 and 2011

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Totals</u> | |
|--|---------------------|-----------------------------------|-----------------------------------|-------------------|-------------------|
| | | | | <u>2012</u> | <u>2011</u> |
| Operating Revenues | | | | | |
| Public Support | | | | | |
| Program Revenues: | | | | | |
| Louisiana Department of Health and Hospitals | | | | | |
| Florida Parishes Human Services Authority (FPHSA): | | | | | |
| Life Skills Training Contracts | \$ - | \$ 231,185 | \$ - | \$ 231,185 | \$ 229,495 |
| Region IX SYNAR Contract | - | 16,525 | - | 16,525 | 17,500 |
| Alcohol Education Program | - | - | - | - | 3,350 |
| Hammond City Court Juvenile Services | | | | | |
| Youth Anger Management - Skills for Managing Anger (SMA) | - | 5,883 | - | 5,883 | 11,289 |
| Afterschool Achievement Program (ASAP) | - | 6,244 | - | 6,244 | 8,662 |
| Contributions | | | | | |
| Tangipahoa United Way | - | 603 | - | 603 | 600 |
| General | 639 | - | - | 639 | 468 |
| In Kind - Rent and Other | 47,680 | - | - | 47,680 | 48,482 |
| Other | 3,726 | - | - | 3,726 | 5,693 |
| Investment Income | 116 | - | - | 116 | 107 |
| Net Assets released from restrictions | 260,440 | (260,440) | - | - | - |
| Total Operating Revenues | <u>312,601</u> | <u>-</u> | <u>-</u> | <u>312,601</u> | <u>325,646</u> |
| Operating Expenses | | | | | |
| Program Services | 233,069 | - | - | 233,069 | 227,988 |
| Management and General | 71,563 | - | - | 71,563 | 73,301 |
| Fund Raising | 675 | - | - | 675 | 695 |
| Total Operating Expenses | <u>305,307</u> | <u>-</u> | <u>-</u> | <u>305,307</u> | <u>301,984</u> |
| Change in Net Assets from Operations | <u>7,294</u> | <u>-</u> | <u>-</u> | <u>7,294</u> | <u>23,662</u> |
| Change in Net Assets | <u>7,294</u> | <u>-</u> | <u>-</u> | <u>7,294</u> | <u>23,662</u> |
| Total Net Assets, Beginning | <u>118,501</u> | <u>-</u> | <u>-</u> | <u>118,501</u> | <u>94,839</u> |
| Total Net Assets, Ending | <u>\$ 125,795</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 125,795</u> | <u>\$ 118,501</u> |

The accompanying notes are an integral part of this statement.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Statement of Functional Expenses
For the year ended June 30, 2012

| | Florida Parishes Human Services Authority | | Afterschool | | Youth Anger | | | | | |
|----------------------------|--|----------------|------------------|--------------------|-----------------|------------------|---------------------|---------|----|---------|
| | SYNAR | | Achieve- ment | Family Resource | Manage- ment | Total Program | Manage- ment and | Fund | | |
| | Life Skills Training | IX Contract | Program | Center | SMA | Services | General | Raising | | Total |
| Expenses | | | | | | | | | | |
| Salaries and Wages | \$ 60,310 | \$ 9,190 | \$ 1,149 | \$ 8,041 | \$ 3,446 | \$ 82,136 | \$ 32,166 | \$ 575 | \$ | 114,877 |
| Employee Benefits | 5,313 | 810 | 101 | 708 | 304 | 7,236 | 2,832 | 52 | | 10,120 |
| Contract Services | 50,804 | 6,590 | - | - | 4,200 | 61,594 | 4,816 | - | | 66,410 |
| Depreciation | 462 | 176 | - | 121 | 121 | 880 | 219 | - | | 1,099 |
| Food Supplies | 476 | - | - | - | 349 | 825 | - | 48 | | 873 |
| Insurance | 2,065 | 381 | - | 180 | 381 | 3,007 | 3,008 | - | | 6,015 |
| Office Supplies | 1,512 | 424 | 149 | 149 | 89 | 2,323 | 653 | - | | 2,976 |
| Printing | 3,485 | 562 | 281 | - | 562 | 4,890 | 731 | - | | 5,621 |
| Professional Fees | 4,505 | 601 | - | 601 | 501 | 6,208 | 3,802 | - | | 10,010 |
| Rent - In Kind | 15,580 | 2,280 | 760 | 1,900 | 2,280 | 22,800 | 15,200 | - | | 38,000 |
| Repairs and Maintenance | 1,240 | 289 | 41 | 620 | 248 | 2,438 | 1,695 | - | | 4,133 |
| Supplies | 23,001 | 1,211 | - | 81 | - | 24,293 | - | - | | 24,293 |
| Telephone | 1,044 | 187 | 27 | 268 | 54 | 1,580 | 1,096 | - | | 2,676 |
| Travel | 1,115 | 93 | - | - | - | 1,208 | 341 | - | | 1,549 |
| Utilities - In Kind | 2,040 | 300 | 60 | 1,200 | 300 | 3,900 | 2,100 | - | | 6,000 |
| Other | 4,314 | 415 | 2,358 | 166 | 498 | 7,751 | 2,904 | - | | 10,655 |
| Total Expenses | \$ 177,266 | \$ 23,509 | \$ 4,926 | \$ 14,035 | \$ 13,333 | \$ 233,069 | \$ 71,563 | \$ 675 | \$ | 305,307 |

The accompanying notes are an integral part of this statement.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Statement of Functional Expenses
For the year ended June 30, 2011

| | Florida Parishes Human Services Authority | | Afterschool | | Youth Anger | | | | | |
|----------------------------|--|------------------|--------------------|------------------|------------------------|-------------------|------------------|----------------|-------------------|--|
| | SYNAR | | Achieve- | Family | Manage- | Total | Manage- | Fund | | |
| | IX | | ment | Resource | ment | Program | ment and | Raising | | |
| | Contract | | Program | Center | SMA | Services | General | | Total | |
| | Life Skills | | | | | | | | | |
| | Training | | | | | | | | | |
| Expenses | | | | | | | | | | |
| Salaries and Wages | \$ 56,958 | \$ 8,679 | \$ 1,085 | \$ 7,594 | \$ 3,255 | \$ 77,571 | \$ 30,378 | \$ 543 | \$ 108,492 | |
| Employee Benefits | 5,403 | 823 | 103 | 720 | 309 | 7,358 | 2,880 | 54 | 10,292 | |
| Contract Services | 49,675 | 6,493 | - | - | 4,221 | 60,389 | 4,545 | - | 64,934 | |
| Depreciation | 794 | 303 | - | 208 | 208 | 1,513 | 378 | - | 1,891 | |
| Food Supplies | 392 | - | 784 | - | 392 | 1,568 | 294 | 98 | 1,960 | |
| Insurance | 2,354 | 118 | - | 177 | 294 | 2,943 | 2,942 | - | 5,885 | |
| Office Supplies | 1,771 | 148 | 148 | 148 | 89 | 2,304 | 647 | - | 2,951 | |
| Printing | 3,576 | 577 | 288 | - | 577 | 5,018 | 750 | - | 5,768 | |
| Professional Fees | 4,852 | 647 | - | 647 | 539 | 6,685 | 4,097 | - | 10,782 | |
| Rent - In Kind | 15,955 | 2,335 | 778 | 1,946 | 2,335 | 23,349 | 15,566 | - | 38,915 | |
| Repairs and Maintenance | 1,155 | 270 | 39 | 578 | 231 | 2,273 | 1,577 | - | 3,850 | |
| Supplies | 18,250 | 961 | 1,413 | 883 | - | 21,507 | 1,004 | - | 22,511 | |
| Telephone | 2,033 | 365 | 52 | 521 | 104 | 3,075 | 2,137 | - | 5,212 | |
| Travel | 1,269 | 106 | - | - | - | 1,375 | 388 | - | 1,763 | |
| Utilities - In Kind | 2,040 | 300 | 60 | 1,200 | 300 | 3,900 | 2,100 | - | 6,000 | |
| Other | 5,375 | 517 | 441 | 207 | 620 | 7,160 | 3,618 | - | 10,778 | |
| Total Expenses | \$ 171,852 | \$ 22,642 | \$ 5,191 | \$ 14,829 | \$ 13,474 | \$ 227,988 | \$ 73,301 | \$ 695 | \$ 301,984 | |

The accompanying notes are an integral part of this statement.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Statements of Cash Flows
For the years ended June 30, 2012 and 2011

| | <u>2012</u> | <u>2011</u> |
|--|-------------------|-------------------|
| Cash Flows From Operating Activities | | |
| Change in Net Assets | \$ 7,294 | \$ 23,662 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 1,099 | 1,891 |
| Changes in operating assets and liabilities | | |
| (Increase) decrease in receivables | 17,787 | (1,401) |
| (Increase) decrease in other assets | 2 | (157) |
| Increase (decrease) in accounts payable | 2,367 | - |
| Increase (decrease) in accrued payables | 698 | (12,932) |
| Net Cash Provided by (Used by) Operating Activities | <u>29,247</u> | <u>11,063</u> |
| Cash Flows From Investing Activities | | |
| Purchases of property | <u>(2,367)</u> | <u>(3,748)</u> |
| Net Cash (Used) by Investing Activities | <u>(2,367)</u> | <u>(3,748)</u> |
| Net Cash Increase (Decrease) in Cash and Cash Equivalents | 26,880 | 7,315 |
| Cash and Cash Equivalents, Beginning of Year | 102,075 | 94,760 |
| Cash and Cash Equivalents, End of Year | <u>\$ 128,955</u> | <u>\$ 102,075</u> |
| Supplemental disclosures of cash flow information | | |
| Cash paid during the year for interest | \$ - | \$ - |
| Cash paid during the year for income taxes | \$ - | \$ - |

The accompanying notes are an integral part of this statement.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2012 and 2011

Introduction

The Tangipahoa Alcohol and Drug Abuse Council, Inc., (TADAC) (the Organization) is a non-profit 501(c)3 agency and operates a community-based alcohol, tobacco and other drug prevention program in Hammond, Louisiana. Formerly known as the Substance Abuse Advisory Council (SAAC), TADAC was formed by a group of concerned citizens on October 21, 1983. Initially the group focused on getting information to the public regarding twelve step programs in the area, training individuals in intervention techniques and disseminating prevention materials and information.

The Organization's mission has expanded to include programs and services that strengthen and empower families to confront the many challenges in our society that can potentially harm adults and children alike. These include the development of over twenty alcohol, tobacco and other drug prevention education classes; several evidence based model prevention programs for students; anger management classes for adults and young people; nearly twenty-five parent enrichment classes; major awareness campaigns such as the National Red Ribbon Campaign; the Summer FUN Guide and Summer FUNtastic program; the Miller Memorial Library Family Resource Center; and The Mouse Pad public use computer lab.

Tangipahoa Alcohol and Drug Abuse Council, Inc. operates the following programs to accomplish its mission:

- The Life Skills Training Program funded through the Florida Parishes Human Services Authority provides social services for work with youth ages 6 to 18 and their families to provide research based interventions which address identified risk and protective factors that work towards the prevention and reduction of addictive disorders and other risky behavior.
- The SYNAR Project funded through the Florida Parishes Human Services Authority provides social services to reduce tobacco sales to minors in five parishes, working with youth ages 14 to 18 to provide research-based interventions which address identified risk and protective factors that work towards the prevention and reduction of addictive disorders and other risky behaviors. Part of this project includes tobacco merchant education through staged youth purchase attempts of tobacco products and regional quarterly coalition meetings.
- Skills for Anger Management provides a youth oriented program to receive services through workshops focused on coping with stress and anger.
- The Alcohol Education Program is a fee based program providing monthly education classes for youth receiving underage possession and purchase citations.
- Afterschool Achievement Program is a cooperative after school math tutoring program that partners TADAC with the Southeastern Louisiana University Math Department and a private company to assist with funding.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2012 and 2011

1. Summary of Significant Accounting Policies

A. Restrictions on Net Assets

Revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to any donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Organization or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Organization. Generally, the donors permit the Organization to use all or part of the income earned for either general or donor-specified purposes.

B. Comparative Information and Reclassifications

The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles.

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Estimates and assumptions may also affect disclosure of contingent assets and liabilities at the date of the financial statement, and the reported amounts of revenues and expenses. Actual results could differ from management's estimates.

D. Cash and Cash Equivalents

The Organization's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

E. Investments

Investments are reported at fair value. Investment income classified as operating revenue consists of interest and dividend income on investments and gains approved for use in operations. All other realized and unrealized gains or losses are classified as nonoperating activity and are available to support

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2012 and 2011

operations in future years and to offset potential market declines. Investments classified as current are available for operations in the next fiscal year.

Various methods and assumptions were used to estimate the fair value of each class of financial instruments. Cash and cash equivalents are valued at their carrying amount due to their short maturities. Investments are reported at fair value based on quoted market prices. Debt is valued at rates currently available to the Organizations for issuances with similar terms and remaining maturities.

F. Inventories and Prepaid Items

All inventories, when held, are valued at cost using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

G. Property and Equipment

Purchases of land, buildings, and other property having a unit cost per established guidelines and a useful life of three or more years are capitalized at cost. Donated assets are capitalized at the estimated fair value at date of receipt. Interest expense incurred during a period of construction, less related interest income earned on proceeds of tax-exempt borrowings, is capitalized. Property under capital leases is amortized over the lease term. Any gain or loss on sale of land, buildings and other property is reported as other revenues on the statement of activities. The Organization maintains a threshold level of \$500 or more for capitalization of property and equipment.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capitalized assets, other than land, are depreciated using the straight-line method over their estimated useful lives ranging from three to ten years.

H. Revenue Recognition

Contributions, which include unconditional promises to give (pledges) are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been met. Contributions are considered to be unrestricted unless specifically restricted by the donor.

The Organization reports contributions in the temporarily or permanently restricted net asset class if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released and reclassified to unrestricted net assets in the consolidated statement of activities. Donor-restricted contributions are initially reported in the temporarily restricted net asset class, even if it is anticipated such restrictions will be met in the current reporting period.

Product or service revenue is generally recognized upon delivery of the product or services to the customer.

Gains and losses on investments and other assets and liabilities are reported as increases and decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2012 and 2011

I. Contributed Services and Materials

Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance non-financial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation. There are several volunteers, which donate time in the organization's programs and supporting services, however, due to the lack of an objective basis to measure the value of these non-specialized services, no contributed service revenue has been recorded in these instances.

Donated materials are recorded at their fair value at the date of the gift. The Organization does not imply time restrictions for gifts of long-lived assets. As a result, in the absence of donor-imposed restrictions, gifts of long-lived assets are reported as unrestricted revenue.

J. Income Taxes

The Tangipahoa Alcohol and Drug Abuse Council, Inc. is a not-for-profit Organization. The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The three previous year's tax returns remain subject to examination by the Internal Revenue Service.

2. Cash and Cash Equivalents

Cash and cash equivalents were as follows at June 30, 2012 and 2011

| | <u>2012</u> | <u>2011</u> |
|-------------------------------|-------------------|-------------------|
| Demand Deposits | \$ 16,448 | \$ 7,649 |
| Money Market Savings Accounts | 112,507 | 94,426 |
| | <u>\$ 128,955</u> | <u>\$ 102,075</u> |

The Organization held funds at one bank at June 30, 2012. Funds did not exceed Federal Deposit Insurance limits.

3. Receivables and Revenues

Receivables as of June 30, 2012 and 2011

| | <u>2012</u> | <u>2011</u> |
|---|-----------------|------------------|
| Florida Parishes Human Services Authority | \$ 6,225 | \$ 13,200 |
| Other - SMA | - | 10,812 |
| | <u>\$ 6,225</u> | <u>\$ 24,012</u> |

The work produced and services provided through the use of revenues received can be seen through the statement of functional expenses by program on page 8 and a description of each program can be found in the introduction on page 11 of this report.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2012 and 2011

4. Property and Equipment

The cost and accumulated depreciation of land, buildings, and other property were as follows at June 30, 2012 and 2011

| | <u>2012</u> | <u>2011</u> |
|--|-----------------|-----------------|
| Land | \$ - | \$ - |
| Buildings and improvements | - | - |
| Furniture and Equipment | 65,371 | 63,004 |
| Total cost of assets placed in service | <u>65,371</u> | <u>63,004</u> |
| Less accumulated depreciation | (60,361) | (59,262) |
| Property and equipment, net | <u>\$ 5,010</u> | <u>\$ 3,742</u> |

A significant portion of the above fixed assets was acquired with restricted assets and title to this property and equipment may revert to the State of Louisiana should the Organization cease operations. Fixed assets on loan for the Organization's temporary use, including library books, library equipment, and kitchen appliances, are not included in fixed assets as other parties retain title to these items. In-kind contribution revenue for the Organization's use of these items is not reasonably estimable and not provided for.

The Organization does not own its current building and is afforded donated use of the building on an indefinite basis.

During the fiscal year ending June 30, 2012, two laptops were purchased for \$2,367 and there were no dispositions. During the fiscal year ending June 30, 2011, three computers were acquired for \$3,748 and one fully depreciated computer was returned to the state.

5. Donated Services

During the fiscal years ending June 30, 2012 and 2011 volunteer workers donated an estimated 3,290 and 3,415 hours of time respectively, which is not reflected in the accompanying financial statements because no objective basis is available to measure its value. The estimated value based on minimum wage rates, which is not recorded in the accompanying financial statements totals \$23,851 and \$24,760 for the fiscal years ending June 30, 2012 and 2011 respectively.

Office space, utilities and maintenance were donated to the Tangipahoa Alcohol and Drug Abuse Council, Inc. by the City of Hammond for the fiscal year ending June 30, 2012 with estimated fair values as follows: rent \$38,000, utilities \$6,000 and maintenance services of \$3,600 for each fiscal year. Various other organizations donated publications to the Organization with an estimated value of \$80 and \$882 for the fiscal years ending June 30, 2012 and 2011 respectively.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2012 and 2011

6. Compensated Absences

Vacation days are earned at the rate of one half days per semi-monthly pay period that an employee satisfactorily completes work. No more than ten vacation days may be carried over from one calendar year to another. Compensation for days remaining is not paid upon termination of employment. No liability is recognized for unpaid accrued vacation time.

7. Accrued Payables

Accounts and Accrued Payables as of June 30, 2012 and 2011

| | <u>2012</u> | <u>2011</u> |
|---------------------------|------------------|------------------|
| Accounts Payable | \$ 2,367 | \$ - |
| Salaries and Bonuses | - | - |
| Other Payroll Liabilities | 6,732 | 6,234 |
| Professional Fees | 5,900 | 5,700 |
| United Way Deduction | 1,780 | 1,780 |
| | <u>\$ 16,779</u> | <u>\$ 13,714</u> |

8. Allocation of Expenses

In some instances, common expenses are incurred which support the work performed under more than one grant or contract. Such expenses are allocated as agreed by the funding organizations or, in the absence of an agreement, on the basis which appears most reasonable to the Tangipahoa Alcohol and Drug Abuse Council, Inc.

9. Concentrations

For the fiscal year ended June 30, 2012, \$247,710 or approximately 79 percent of the Tangipahoa Alcohol and Drug Abuse Council, Inc.'s revenues was derived from grants through the Louisiana Department of Health and Hospitals Florida Parishes Human Services Authority.

10. Commitments and Contingencies

The Organization receives a substantial amount of its support for its programs of providing assistance to those in need through contributions and grants from other public entities. These funding sources are subject to limitations including time, funding levels, and changes in law that could affect the level of funding received.

At June 30, 2012, the Organization was not involved in any outstanding litigation or claims.

11. Subsequent Events

These financial statements considered subsequent events through September 26, 2012, the date the financial statements were available to be issued. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending June 30, 2012.

Supplemental Information

**Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2012 and 2011**

Compliance**Internal Control****Finding Number:** 2011-I1**Type Finding:** Significant Deficiency not Material to the Financial Statements.**Criteria:** The Tangipahoa Alcohol and Drug Abuse Council (the Council) must demonstrate that activities related to financial management are reasonably reported and accurately reported.**Condition:** With all smaller agencies, there will be limited segregation of duties for recording and reporting financial transactions. For the Council, the Executive Director, in addition to management duties, is involved in financial input and reporting. The Council has responded to this condition with the following actions in prior periods and continued these controls into the current period:

1. Dual signatures required on checks, including signature by board members.
2. Review by a board member of monthly financial reports.

Review by a board member of monthly financial reports has consisted of a periodic review of the general ledger based on the availability of board members. The board has also hired an external accountant to prepare the bank reconciliations and some book keeping. The board also approves hourly pay rates for employees and contract employees for specified duties.

Effect: The Council must demonstrate that the level of control is adequate for authorization and reporting of receipts and disbursement transactions.**Recommendations:** In addition to the controls in place, we recommended the following in previous audits:

- Adopt a timetable for completion of monthly financial reports to ensure financial reports are presented to the board on a timely basis.
- Have the board review and sign-off, or designate a board member for review and sign-off, of monthly bank reconciliations, monthly cash registers, and monthly check and invoice registers.
- Periodically unannounced review by designated board member of detailed general ledger for vendors paid for reasonableness.
- Organize a board-approved per-hour pay rate file for each employee to facilitate the analysis conducted by the designated board member to cross reference to the pay rate data in the accounting system during periodic reviews.
- A second file could also be used to track rates for each contracted individual for services provided by contractors.

**Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2012 and 2011**

During the June 30, 2011, audit we noted the following in response to the prior audit recommendations:

- Financial information appeared to be presented in the board meetings to the board. Bank reconciliations were being signed-off on as reviewed by the board, and were prepared by the outside accountant.
- Approved wage and contract labor rates were not supplied in a file; however, all changes in compensation and bonuses appeared to be approved by the board.
- Board review of the general ledger was conducted based on the board acting as a whole.
- Payroll liabilities reconciliation was not updated for all liability accounts, resulting in a journal entry to adjust liabilities overstated in the unadjusted statement of financial position.

Continued in Current Year Finding 2012-I1 for the current year updated status of this finding.

Management Letter

There were no management findings for the fiscal year ending June 30, 2011.

**Corrective Action Plan for Current Year Audit Findings
For the Year Ended June 30, 2012 and 2011**

Compliance

There were no compliance findings for the fiscal year ending June 30, 2012.

Internal Control

Finding Number: 2012-II

Type Finding: Significant Deficiency not Material to the Financial Statements.

Criteria: The Tangipahoa Alcohol and Drug Abuse Council (the Council) must demonstrate that activities related to financial management are reasonably reported and accurately reported. This finding is continued from prior audits. See finding 2011-II in the Schedule of Prior Year Audit Findings for previous information including conditions, effects, and prior recommendations.

During the June 30, 2012, audit we noted the following in response to the prior audit recommendations:

- Per our review during the audit of the fiscal year ending June 30, 2012, dual signatures on checks continue to be utilized as in past periods.
- The controls noted in the 2011 audit continued to be implemented, including review of financial information by the board, bank reconciliations were prepared by an outside accountant.
- Approved wage and contract rates were approved by the board president and retained in a file.
- Board review of periodic financial information was retained in a file and signed off by board members as reviewed.
- Payroll liabilities did not result in any journal entries during the 2012 audit.

Based on these actions and the size of the organization, it appears that the Council is following the audit recommendations based on the available resources to segregate some of the duties and implement available mitigating controls. However, given the Council's size, the risk will probably never be fully eliminated.

Response by Management: We will continue to implement the above recommendations as part of our ongoing controls process to reduce the inherent audit risks of a small non-profit organization.

Corrective Action Taken: Partial

Contact Person:

Mr. Calvin Kaul, Board President
(985) 345-5493

Management Letter

There were no management findings for the fiscal year ending June 30, 2012.

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To Members of the Administrative Board
Tangipahoa Alcohol and Drug Abuse Council, Inc.
108 South Pine Street
Hammond, Louisiana

We have audited the basic financial statements of the Tangipahoa Alcohol and Drug Abuse Council, Inc. (a nonprofit organization), as of and for the years ended June 30, 2012 and 2011, and have issued our report thereon dated September 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Tangipahoa Alcohol and Drug Abuse Council, Inc.'s, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Tangipahoa Alcohol and Drug Abuse Council, Inc.'s internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

To the Members of the Administrative Board
Tangipahoa Alcohol and Drug Abuse Council, Inc.
108 South Pine Street
Hammond, Louisiana
Page 2

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over financial reporting, described as Finding Number 2012-I1 in the accompanying *Corrective Action Plan for Current Year Audit Findings*, that we consider to be significant deficiencies in internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

This report is intended for the information of management and the Louisiana Legislative Auditor, the Board of Directors and the federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Bruce Harrell & Co." with a stylized flourish at the end.

Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

September 26, 2012